

**GEARY COUNTY RURAL WATER DISTRICT NO. 4  
GEARY COUNTY, KANSAS**

**FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITORS' REPORT**

**For the Years Ended December 31, 2010 and 2009**

**GEARY COUNTY RURAL WATER DISTRICT NO. 4**  
Geary County, Kansas

**TABLE OF CONTENTS**

	Page Number
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	2
STATEMENTS OF NET ASSETS	3
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS	4
STATEMENTS OF CASH FLOWS	5
NOTES TO THE FINANCIAL STATEMENTS	6 - 11
SUPPLEMENTAL INFORMATION	12



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**Board of Directors  
Geary County, Kansas  
Rural Water District No. 4  
Milford, Kansas 66514**

We have audited the financial statements of Geary County Rural Water District No. 4, as of and for the years ended December 31, 2010 and 2009, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the *Kansas Municipal Audit Guide*. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion the financial statements present fairly, in all material respects, the financial position of Geary County Rural Water District No. 4, as of December 31, 2010 and 2009 and the results of operations and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on page 2 and budget report on page 12 are not required parts of basic financial statements but are supplementary information required by accounting principles generally accepted by the United States of America. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However we did not audit the information and express no opinion on it.

*Pottberg, Gassman & Hoffman, Chtd.*

**POTTBERG, GASSMAN & HOFFMAN, CHARTERED**  
Junction City, Kansas  
May 19, 2011

MEMBERS:  
American Institute of  
Certified Public Accountants

Kansas Society of Certified  
Public Accountants



Pottberg, Gassman & Hoffman, Chtd.

## **GEARY COUNTY RURAL WATER DISTRICT NO. 4**

Geary County, Kansas

December 31, 2010

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

During the year 2010, the board of directors approved installation of a new well and pipeline for elimination or mitigation of the arsenic level in the water. The district has tested the new well site and it will be in compliance with the EPA guidelines. The District has obtained a lease from the Corp of Engineers and is awaiting the engineering designs for the project. The District also has secured funding for the projects.

Growth continues this year with the sale of 6 new benefit units. The district continues to absorb the growth.

The District did one major improvement this year by repairing and painting the filtration system - outside, inside and floors.

The water sales for 2010 increased 3% over 2009. The district continued to set aside funds for capital improvements.. Some of the funds from the set-aside account for principal and interest were used to pay off the 2003 bond issue one year early.

The drilling of a new well will accomplish two things; it will help with potential growth and reduce the Arsenic levels even more. The arsenic levels had been in violation of EPA guidelines in the prior year due to the decrease in the amounts allowed by the EPA. The district is currently in compliance due to changes in treatment of the water.

The filter has been operating satisfactorily this past year.

The budget adopted by the board for 2010 is a basic budget just to set guidelines for the District's expenditures. The district does not have any statutory requirements limiting expenses to those budgeted, but continues to monitor the budget and keep expenditures as close as possible to the budget.

The District obtained bonds to finance the new well and pipeline project. The District continues to have the KDHE loan and meets all payments.

This financial report is designed to provide a general overview of the District's finances and demonstrate the District commitment to public accountability. If you have any question about this report or would like to request additional information, contact the District office at 8425 Quarry Road, Milford, KS 66514.

**GEARY COUNTY RURAL WATER DISTRICT NO. 4**  
**STATEMENTS OF NET ASSETS**  
**DECEMBER 31,**

**ASSETS**

	<u>2010</u>	<u>2009</u>
<b>Current Assets</b>		
Checking Account - CNB	\$ 44,472	\$ 51,396
Money Market - CNB Capital Improvement	51,939	45,605
Money Market - CNB Principal and Interest	92,956	190,032
Cash & Cash Equivalents	189,367	287,033
Accrued Interest Receivable	5,307	3,238
Accounts Receivable (net)	20,007	16,488
<b>Total Current Assets</b>	<u>214,681</u>	<u>306,759</u>
<b>Noncurrent Assets</b>		
<b>Capital Assets</b>		
Utility System	1,275,305	1,263,767
Building	109,319	109,319
Equipment	36,085	23,695
Vehicle	19,000	19,000
Land Improvements	40,000	40,000
Land	18,036	18,036
Filtration System	529,073	529,073
Accumulated Depreciation	(926,349)	(861,912)
<b>Total Capital Assets</b>	<u>1,100,469</u>	<u>1,140,978</u>
Bond Reserve - CNB Certificate of Deposit	45,380	40,353
2010 Bond Proceeds and Project Funds	360,000	-
Loan Reserve	38,397	38,397
Loan Fees - Net	3,256	3,485
Bond Issue Costs (net)	-	1,864
Bond Issue Costs - 2010 (net)	15,042	-
<b>Total Noncurrent Assets</b>	<u>1,562,544</u>	<u>1,225,077</u>
<b>TOTAL ASSETS</b>	<u><u>1,777,225</u></u>	<u><u>1,531,836</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accrued Interest Payable	5,073	4,316
Water Deposits	36,580	34,800
Current Portion of Long-Term Debt	41,306	60,736
<b>Total Current Liabilities</b>	<u>82,959</u>	<u>99,852</u>
<b>Noncurrent Liabilities</b>		
Public Water Supply Loan Fund	303,953	319,689
Discount on Bond Issue	-	(824)
Revenue Bonds Payable	-	120,000
Revenue Bonds Payable - 2010	320,000	-
Discount on Bonds - 2010 (net)	(4,750)	-
Less Current Portion	(41,306)	(60,736)
<b>Total Noncurrent Liabilities</b>	<u>577,897</u>	<u>378,129</u>
<b>Total Liabilities</b>	<u>660,856</u>	<u>477,981</u>
<b>Net Assets</b>		
Invested in Capital Assets, net of related debt	481,266	702,113
Restricted		
Expendable - Bond Proceeds	300,000	-
Non-expendable - Bond Reserve	32,000	36,500
Unrestricted	303,103	315,242
<b>Total Net Assets</b>	<u>1,116,369</u>	<u>1,053,855</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$1,777,225</u></u>	<u><u>\$1,531,836</u></u>

The notes to the financial statements are an integral part of these statements.

**GEARY COUNTY RURAL WATER DISTRICT NO. 4**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**FOR THE YEARS ENDED DECEMBER 31,**

	<u>2010</u>	<u>2009</u>
OPERATING REVENUES		
Water Revenues	\$ 230,589	\$ 222,214
TOTAL OPERATING REVENUES	<u>230,589</u>	<u>222,214</u>
OPERATING EXPENSES		
Bank Charges	396	46
Billing Services	5,445	7,865
Chemicals	6,263	5,182
Dues	482	290
Insurance	9,302	11,118
Maintenance	12,411	8,143
Miscellaneous	751	78
Office Supplies	1,589	724
Officer's Fees	1,440	1,200
Payroll Taxes	2,888	2,828
Postage	1,538	1,643
Professional Fees	16,347	13,122
Reimbursements	2,606	564
Repairs	5,115	4,353
Retirement	1,115	1,118
Supplies	4,533	3,547
Taxes - Clean Water Fee	812	774
Taxes - Water Protection Fee	866	825
Telephone	2,191	2,198
Utilities	12,515	10,935
Vehicle Expenses	2,000	1,617
Wages	36,676	35,307
Water Conference Expense	250	143
Water Testing	212	741
Well Permits	1,000	300
TOTAL OPERATING EXPENSES	<u>128,743</u>	<u>114,661</u>
INCOME FROM OPERATIONS BEFORE		
AMORTIZATION AND DEPRECIATION	101,846	107,553
Amortization of Issuance Costs	(3,126)	(2,379)
Depreciation	<u>(64,436)</u>	<u>(64,669)</u>
OPERATING INCOME	<u>34,284</u>	<u>40,505</u>
NON-OPERATING REVENUES (EXPENSES)		
Interest Income	8,637	3,760
Other Income	6,105	4,000
Rent and Rebate	12,632	2,593
Interest Expense	<u>(13,144)</u>	<u>(15,110)</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>14,230</u>	<u>(4,757)</u>
INCOME BEFORE CONTRIBUTIONS	<u>48,514</u>	<u>35,748</u>
Capital Contributions	14,000	16,000
CHANGE IN NET ASSETS	<u>62,514</u>	<u>51,748</u>
NET ASSETS, BEGINNING	<u>1,053,855</u>	<u>1,002,107</u>
NET ASSETS, ENDING	<u><u>\$ 1,116,369</u></u>	<u><u>\$ 1,053,855</u></u>

The notes to the financial statements are an integral part of these statements.

**GEARY COUNTY RURAL WATER DISTRICT NO. 4**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31,**

	<u>2010</u>	<u>2009</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from customers	\$ 227,070	\$ 220,817
Cash payments to suppliers for goods and services	(65,947)	(54,339)
Cash payments to employees and professional contractors for services	(62,796)	(61,587)
Net cash provided (used) by operating activities	<u>98,327</u>	<u>104,891</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Acquisition and construction of capital assets	(23,928)	(10,411)
Principal paid on bonds and notes	(135,736)	(60,186)
Interest paid on bonds and notes	(12,387)	(15,315)
Customer Deposits	1,780	1,600
Rent and Rebate	12,632	2,593
Capital contributions	14,000	16,000
Net cash provided (used) by capital and related financing activities	<u>(143,639)</u>	<u>(65,719)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Investment income	8,989	2,043
Net cash provided (used) by investing activities	<u>8,989</u>	<u>2,043</u>
Net increase (decrease) in cash and cash equivalents	(97,666)	41,215
CASH AND CASH EQUIVALENTS AT JANUARY 1,	287,033	245,818
CASH AND CASH EQUIVALENTS AT DECEMBER 31,	<u>189,367</u>	<u>287,033</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Operating income (loss)	34,284	40,505
Adjustments to reconcile operating income to net cash provided operating activities:		
Depreciation	64,436	64,669
Amortization	3,126	2,379
Change in assets and liabilities:		
Decrease (increase) in accounts receivable	(3,519)	(1,397)
Increase (decrease) in accounts payable	-	(1,265)
Total adjustments	64,043	64,386
Net cash provided by operating activities	<u>\$ 98,327</u>	<u>\$ 104,891</u>

The notes to the financial statements are an integral part of these statements.

**GEARY COUNTY RURAL WATER DISTRICT NO. 4**  
Geary County, Kansas  
December 31, 2010

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization Description

The Rural Water District No. 4, Geary County, Kansas, was declared incorporated as a quasi-municipal Corporation by the Board of Commissioners of Geary County, Kansas, in April of 1976. The District is located near Milford, Kansas and was organized pursuant to K.S.A. 89a-612 to provide water to its subscribers.

Basis of Accounting

The District's financial information is reported on the accrual basis of accounting, in conformity with accounting principles generally accepted in the United States of America. The District performs proprietary activities and therefore is subject to all Governmental Accounting Standards Board (GASB) pronouncements as well as Financial Accounting Standards Board (FASB) statements and interpretations, and Accounting Principles Board (APB) opinions that do not conflict with or contradict GASB pronouncements.

Statement of Cash Flows

For purposes of the statement of cash flows, the District considers all highly liquid investments with a maturity when purchased of three months or less to be cash equivalents. At December 31, 2010 and 2009, cash and cash equivalents consisted of demand and money market accounts with local financial institutions.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

Capital Assets

Capital assets purchased are capitalized at cost. Depreciation is recorded based on the estimated useful life of each asset using the straight-line method.

Allowance for Doubtful Accounts

The District bills customers on a monthly basis. Invoices not paid by the 16<sup>th</sup> of the month incur a late fee. A notice to disconnect is sent if the invoice remains unpaid. As most customers pay before they are disconnected and there have been no amounts written off in the past three years, management has set the allowance account at zero.

**NOTE 2 – DEPOSITORY SECURITY**

K.S.A. 9-1401 establishes the depositories which may be used by the District. The statute requires banks eligible to hold the District's funds have a main or branch bank in the county in which the District is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The District has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the District's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The District has no investment policy that would further limit its investment choices.



# GEARY COUNTY RURAL WATER DISTRICT NO. 4

Geary County, Kansas  
December 31, 2010

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 2 – DEPOSITORY SECURITY (continued)

*Concentration of credit risk.* State statutes place no limit on the amount the District may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

*Custodial credit risk – deposits.* Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods." The District has no designated "peak periods." All deposits were legally secured at December 31, 2010.

At December 31, 2010, the District's carrying amount of deposits was \$594,747 and the bank balance was \$601,526. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, \$486,402 was covered by federal depository insurance, \$115,124 was collateralized with securities held by the pledging financial institutions' agents in a third party name.

### NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable are customer water bills that have been invoiced but remain unpaid. The balance is shown net of the allowances for doubtful accounts.

The following is an aging of accounts receivable for the District at December 31, 2010:

	<u>Total</u>	<u>Current</u>	<u>Over 30 Days</u>
Accounts Receivable	<u>\$20,007</u>	<u>\$20,007</u>	<u>\$ -</u>

### NOTE 4 – CAPITAL ASSETS

Capital assets are carried at cost. Depreciation of property and equipment are provided on the straight-line method over the following estimated useful lives:

Original Water System	50 years
Additions to System	40 years
Building	40 years
Machinery and Equipment	7 years
Computer Equipment	5 years
Computer Software	3 years

	<u>Beginning Balance</u>	<u>Accumulated Depreciation</u>	<u>Purchases</u>	<u>Disposals</u>	<u>Depreciation</u>	<u>Ending Balance – Net of Depreciation</u>
2009	\$1,988,479	(\$797,243)	\$14,523	(\$ -)	(\$64,669)	\$1,141,090
2010	\$2,002,890	(\$861,912)	\$23,928	(\$ -)	(\$64,436)	\$1,100,470

**GEARY COUNTY RURAL WATER DISTRICT NO. 4**

Geary County, Kansas

December 31, 2010

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 5 – BUDGETS AND BUDGETARY ACCOUNTING**

The District is not required to adopt a legal budget. Therefore, no budgetary comparison is prepared as a financial statement. The Board approves an estimated budget each year per K.S.A. 82a-628, which is used by management to internally monitor the District's expenditures and is presented as supplementary information.

**NOTE 6 – RETIREMENT PLAN**

The District has adopted a SEP-IRA plan. The plan allows the District to make contributions into individual retirement arrangements on behalf of the employees. Contributions are made at the financial institution where the employee maintains his or her SEP account. As an IRA the employee is always fully vested in the account. Eligible employees have reached age 21, worked for the employer in at least three of the immediately preceding five years, and received at least \$500 in compensation. All eligible employees receive the same percentage contribution from the District up to a maximum of 25% of their wages up to \$49,000. For the year ended December 31, 2010 the total retirement expense was \$1,115 (3% plus fees).

**NOTE 7 – BONDS PAYABLE**

In 1993 the District issued new bonds in the amount of \$580,000. The proceeds of this bond issue were used in part to retire the 1988 Series bonds. The balance of the bond proceeds were used to add to the water system and construct a new water tower and provide office improvements.

On April 15, 2003, the district issued \$365,000 in Kansas Rural Water Finance Authority Refunding Revenue Bonds, 2003 with an effective interest rate of 3.0111% to refund the 1993 bond issue. Water revenues are used as security for these bonds.

The bonds were issued at various rates from 1.4% to 3.5%. The remaining \$120,000 of principal was paid in 2010.

Issuance costs of \$11,930 were paid at the time these revenue bonds were issued. These costs were capitalized and were amortized over the life of the revenue bonds, 96 months, using the straight-line method. The remainder of the amortization was expensed in 2010 for a total of \$1,864 compared to \$1,491 in 2009.

The bonds were issued at a discount of \$5,274, which was amortized over the life of the bonds, 96 months, using the straight-line method. The remainder of the amortization was expensed in 2010 for a total of \$824 compared to \$659 in 2009.

A bond reserve account of \$36,500 was required to be maintained for the life of the bonds. This amount plus interest earned was in a certificate of deposit at Central National Bank.

On August 19, 2010, the district issued \$320,000 in Kansas Rural Water Finance Authority Refunding Revenue Bonds, Series C 2010 at an interest rate of 2.993%. Proceeds from these bonds are residing in a bank account with United Bank & Trust awaiting construction to begin for the new well and pipeline. Water revenues are used as security for these bonds.

**GEARY COUNTY RURAL WATER DISTRICT NO. 4**

Geary County, Kansas

December 31, 2010

**NOTES TO THE FINANCIAL STATEMENTS****NOTE 7 – BONDS PAYABLE (continued)**

The bonds were issued at various rates from 1.0% to 3.2% which mature as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2011	\$25,000	\$9,700	\$34,700
2012	\$25,000	\$7,510	\$32,510
2013	\$25,000	\$7,260	\$32,260
2014	\$30,000	\$6,760	\$36,760
2015	\$30,000	\$6,160	\$36,160
2016-2020	\$185,000	\$19,160	\$204,160
Totals	\$320,000	\$56,550	\$376,550

Issuance costs of \$15,200 were paid at the time these revenue bonds were issued. These costs are being capitalized and are being amortized over the life of the revenue bonds, 120 months, using the straight-line method. Amortization expense was \$158 in 2010.

The bonds were issued at a discount of \$4,800, which is being amortized over the life of the bonds, 120 months, using the straight-line method. Amortization expense was \$50 in 2010.

A bond reserve account of \$32,000 is required to be maintained for the life of the bonds. This amount plus interest earned is in a certificate of deposit at Central National Bank.

**NOTE 8 – NOTE PAYABLE**

In September 2003 the District started construction on a Filtration Plant with money received from the Kansas Water Supply Loan Fund administered by the Kansas Department of Health and Environment. Construction was completed in September 2004. The loan fees totaled \$4,800, and are being amortized over the life of the loan, 21 years, using the straight-line method. The amortization expense was \$229 in 2010 and \$229 in 2009. A reserve account is held by the State in the amount of \$38,397. The loan is secured by water revenue.

The repayment schedule for this loan is as follows.

<u>Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Service Fee</u>	<u>Total Payment</u>
2011	9,717	16,306	1,050	27,073
2012	9,184	16,897	992	27,073
2013	8,632	17,509	932	27,073
2014	8,059	18,143	871	27,073
2015	7,466	18,800	807	27,073
2016-2020	27,655	104,722	2,987	135,364
2021-2025	9,253	111,576	999	121,828
Totals	\$79,966	\$303,953	\$8,638	\$392,557

**GEARY COUNTY RURAL WATER DISTRICT NO. 4**

Geary County, Kansas  
December 31, 2010

**NOTES TO THE FINANCIAL STATEMENTS****NOTE 9 – LONG TERM DEBT SUMMARY**

The following schedule shows the changes in long-term debt and related maturities.

<b>Description</b>	<b>Date Issued</b>	<b>Original Amount</b>	<b>Outstanding 1-1-10</b>	<b>Principal Payments</b>	<b>Outstanding 12-31-10</b>	<b>Date Due</b>	<b>Interest Paid In 2010</b>
Bonds	04/15/03	\$365,000	\$120,000	\$120,000	\$ 0	7/1/2011	\$ 2,055
State Loan	12/17/04	\$383,965	319,689	15,736	303,953	2/1/2025	10,332
Bond 2010	08/19/10	\$320,000	<u>0</u>	<u>0</u>	<u>320,000</u>	12/01/2020	<u>0</u>
Total Indebtedness			<u>\$439,689</u>	<u>\$135,736</u>	<u>\$623,953</u>		<u>\$12,387</u>

**NOTE 10 – DEBT SERVICE RATIO**

The bond issue and state loan covenants require the District to maintain a debt service ratio of at least 1.25.

Debt Service Ratio Calculation for the years ending:

	<u>December 31, 2010</u>	<u>December 31, 2009</u>
Change in Net Assets	\$ 62,514	51,748
Interest Expense	13,144	15,110
Amortization & Depreciation	67,562	67,048
Less Capital Contributions	<u>(14,000)</u>	<u>(16,000)</u>
Total Revenue Available for Debt Service	<u>\$ 129,220</u>	<u>\$ 117,906</u>
Debt Service Payments	\$73,123	\$75,501
Debt Service Ratio	<u>1.77</u>	<u>1.56</u>

The District is in compliance with the bond issue and state loan covenants. The bond issue was paid off early using savings rather than earning in 2011; thus the calculation only includes the required payment of \$45,000 and not the additional \$75,000 paid early.

**NOTE 11 - LITIGATION**

There were no legal actions involving the Geary County Rural Water District No. 4 as of December 31, 2010.

**NOTE 12 – RISK MANAGEMENT**

Geary County Rural Water District No. 4 is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To insure against risk of these types of losses, the District has purchased commercial insurance coverage from EMC Companies through Anderson Peck Agency Inc. in Topeka, Kansas. Settled claims resulting from these risks have not exceeded commercial coverage in the past three fiscal years.

**GEARY COUNTY RURAL WATER DISTRICT NO. 4**

Geary County, Kansas  
December 31, 2010

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 13 – RELATED PARTIES**

All the members of the board of directors are water district customers. The only material transactions were water purchases consummated on the same terms as all other water customers.

**NOTE 15 – SUBSEQUENT EVENTS**

Management has performed an analysis of the activities and transactions subsequent to December 31, 2010, to determine the need for any adjustments to and/or disclosures within the audited financial statements. Management has performed their analysis through May 19, 2011, which is the date at which the financial statements were available to be issued.

**GEARY COUNTY RURAL WATER DISTRICT NO. 4**  
**BUDGET REPORT - CASH BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Budget</u>	<u>Actual</u>	Variance Over (Under)
OPERATING REVENUE			
Water Revenues	\$ 210,000	\$ 227,070	\$ 17,070
TOTAL OPERATING REVENUES	<u>210,000</u>	<u>227,070</u>	<u>17,070</u>
EXPENDITURES			
Bank Charges	132	396	264
Billing Services	7,260	5,445	(1,815)
Chemicals	7,200	6,263	(937)
Depreciation Expense	42,000	-	(42,000)
Dues	295	482	187
Insurance	11,700	9,302	(2,398)
Maintenance	7,910	12,411	4,501
Miscellaneous	75	751	676
Office Supplies	5,400	1,589	(3,811)
Officer's Fees	-	1,440	1,440
Payroll Taxes	2,796	2,888	92
Postage	1,800	1,538	(262)
Professional Fees	7,000	16,347	9,347
Reimbursements	2,800	2,606	(194)
Repairs	14,100	5,115	(8,985)
Retirement	1,106	1,115	9
Supplies	4,800	4,533	(267)
Taxes - Clean Water Fee	804	812	8
Taxes - Water Protection Fee	900	866	(34)
Telephone	2,172	2,191	19
Utilities	12,000	12,515	515
Vehicle Expenses	2,707	2,000	(707)
Wages	36,382	36,676	294
Water Conference Expense	-	250	250
Water Testing	1,800	212	(1,588)
Well Permits	1,200	1,000	(200)
TOTAL OPERATING EXPENDITURES	<u>174,339</u>	<u>128,743</u>	<u>(45,596)</u>
DEBT RETIREMENT:			
Principal Paid	10,232	135,736	125,504
Interest	15,736	12,387	(3,349)
Loan Fees	1,105	-	(1,105)
TOTAL EXPENDITURES	<u>201,412</u>	<u>276,866</u>	<u>75,454</u>
OTHER INCOME (EXPENSES)			
Capital Improvements	(4,000)	(23,928)	(19,928)
Interest Income	1,608	8,989	7,381
Late Charges	600	-	(600)
New Benefit Units	10,000	14,000	4,000
Rent Income	600	550	(50)
Water Deposits	-	1,780	1,780
Insurance Rebate	2,000	12,082	10,082
TOTAL OTHER INCOME	<u>10,808</u>	<u>13,473</u>	<u>2,665</u>
INCREASE (DECREASE) IN CASH	<u>\$ 19,396</u>	<u>\$ (36,323)</u>	<u>\$ (55,719)</u>

The notes to the financial statements are an integral part of these statements.